

DISCLAIMER

This electronic version of an SCC order is for informational purposes only and is not an official document of the Commission. An official copy may be obtained from the [Clerk of the Commission, Document Control Center](#).

APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUE980463

**To revise its cogeneration tariff
pursuant to PURPA Section 210**

HEARING EXAMINER'S RULING

January 19, 1999

On January 14, 1999, Virginia Electric and Power Company ("Virginia Power" or the "Company") filed a Motion for Continuance by which it requests a continuance of this proceeding to allow rebuttal testimony, along with certain studies requested by the Commission Staff, to be filed by July 15, 1999, and a hearing set as soon thereafter as possible. Specifically, Virginia Power advised that it was willing to perform several of the additional simulation runs requested by Staff on the Company's avoided energy cost forecast to test the sensitivity of energy costs to the avoided block size and to the inclusion of off-system energy sales. Staff initially requested that the Company run various sensitivity studies with avoided block sizes of 150 MW, 100 MW, 50 MW, 5 MW and 1 MW, as well as studies with off-system sales and displacing the first combustion turbine forecasted by the Company for the year 2000. The Company has agreed to run studies for 150 and 100 MW block sizes, and represents that Staff has now agreed to eliminate its request for studies run with avoided block sizes of 50 and 5 MW. The Company however continues to disagree with Staff on the need for a 1 MW avoided block analysis. (Motion at 2).

On January 19, 1999, Staff filed its response to the motion. Staff does not object to the continuance, however, Staff believes that the Company should be directed to perform sensitivity studies with an avoided block size of 1 MW in addition to those the Company has agreed to perform. Staff asserts that it is considering the possibility of using market price as an alternative to the Differential Revenue Requirement ("DRR") methodology to compute avoided costs. Staff defines the market price as the average marginal cost to produce the next 1 MW increment of energy. Further, Staff advises that if a continuance is granted, the Commission's final determination of the proper energy and capacity payments should be effective as of January 1, 1999.

On January 19, 1999, Appomattox Cogeneration Limited Partnership ("ACLP") also filed its response. It opposes the motion, in part, because it will unnecessarily delay resolution of whether certain modeling changes in the calculation of avoided costs should be made. It submits that the Company should be required to file rebuttal testimony on the modeling issues now, but permitted to file rebuttal testimony addressing the impact of the

mid-2000 expansion units on July 15, 1999. ACLP also seeks clarification as to what Schedule 19 rates are currently applicable.

In consideration of that opposition, a ruling was issued to suspended the Company's requirement to file rebuttal testimony to allow full consideration of the arguments advanced by the Company, Staff and ACLP.

Having considered the motion and the responses thereto, I am of the opinion that the motion for a continuance until July 1999 should be denied. I must agree with ACLP that such a long continuance would unnecessarily delay resolution of the issues in dispute. However, I can find no logical reason to receive evidence on modeling issues now and continue the remainder of the case until July as suggested by ACLP. ACLP's recommendation thus will also be rejected.

The continuance was sought for the purpose of running several sensitivity studies requested by Staff. The short continuance resulting from the mere consideration of the motion should provide Virginia Power ample time to run the limited studies that it agreed to run. Thus, rebuttal testimony should include sensitivity studies including off-system sales and displacing the first 150 MW combustion turbine planned for 2000 for the 150 MW avoided block, and including and excluding off-system sales for the 100 MW avoided block. In preparation for rebuttal testimony, the Company need not prepare a sensitivity study for a 1 MW avoided block, but should fully discuss why such an analysis is unnecessary. Accordingly,

IT IS DIRECTED:

1. That the Motion for a Continuance is DENIED;
2. That, on or before February 11, 1999, Virginia Power shall file with the Commission an original and twenty (20) copies of all testimony it expects to introduce in rebuttal, including sensitivity studies discussed above. The Company shall serve a copy of its prefiled rebuttal evidence upon Staff and upon all parties of record; and
3. That the evidentiary hearing on this application currently scheduled for January 27, 1999, is canceled, and shall be convened instead at 10:00 a.m. on February 25, 1999 in the Commission's courtroom on the 2nd floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, for the purpose of receiving evidence relevant to the Company's application.

Deborah V. Ellenberg
Hearing Examiner